

# COUNTRYSIDE ALLIANCE BACKGROUND NOTE

## BROADBAND SPEEDS IN NORTHERN IRELAND



Westminster Hall Debate

Wednesday 06 January 2016, 4:00-4:30pm

Margaret Ritchie MP (SDLP, South Down)

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### Summary

- The Countryside Alliance believes that high speed broadband is now an essential service alongside water, electricity and gas. High speed broadband is just as essential, but nowhere near as available, as it is in urban areas.
- Continued poor connectivity in rural areas represents a huge missed opportunity for economic development and these gaps and weaknesses need to be addressed as a matter of priority.
- The Countryside Alliance welcomed the Government announcement in November 2015 to introduce a Universal Service Obligation (USO) of 10Mbit/s for broadband speeds across the country.
- At present 14% of premises in Northern Ireland do not have access to the proposed Universal Service Obligation of 10Mbit/s. The deficit in service provision is most acute in rural areas where 42% of premises do not have access to the proposed Universal Service Obligation Speed.
- The BDUK programme is progressing well but alternative technologies such as satellite and wireless options need to be utilised more in rural areas where fixed line solutions are difficult or impossible to deliver high speed broadband.
- The UK Government and the Northern Ireland Executive need to consider how the Universal Service Obligation is going to be delivered and allocate resources to ensure that 10Mbit/s can be accessed in all premises across Northern Ireland.

### The Importance of Broadband

The importance of broadband to rural households and businesses cannot be overestimated, with many deeming it an essential service alongside water, electricity and gas.

The Countryside Alliance is concerned that the lack of broadband coverage and high speeds in rural areas is holding back the countryside economically and socially, and limiting the growth of start-up and small and medium sized businesses (SMEs). It should be noted that the number of SMEs operating in Northern Ireland dropped by 2% between 2014 and 2015. This is a sizable decrease considering that SMEs account for 99% of the total business population in Northern Ireland. Reliable broadband is essential for competitive and

successful enterprises in a growing digital economy. It is vital that rural communities and businesses have access to effective and affordable broadband if the digital divide between rural and urban areas in the UK is not to grow any wider.

Countryside Alliance research shows that 82% of people in rural areas believe superfast broadband is essential to 21st century life and that everyone should have access to it. However, 56% feel the Government is not doing enough to ensure it happens. Yet rolling out high speed broadband across the whole of the UK is the technological improvement that the British public most widely believe will impact positively on the UK economy. 80% of all adults agree that the provision of high speed broadband would have a positive impact, rising to 85% amongst rural communities. This measure outscores greater investment in renewable energies, major transport projects such as high speed rail, the Crossrail project and a third runway at Heathrow.

Limited access to broadband services also affects education in rural areas and access to online services, especially the new offering of government online services. The Chancellor's commitment in the Spending Review last year "to build one of the most digitally advanced tax administrations in the world," will only work if these services are accessible to all and do not exclude those in remoter areas, who already struggle to access many public services.

For example, HMRC expect tax returns and PAYE to be completed online, so rural and farm businesses are often excluded from this service as they are unable to access and return data online due to the lack of a suitable broadband connection. The new Basic Payment Scheme, which was intended to be fully digitally administered and processed online, caused great frustration and expense to farmers without broadband provision.

If you do not have broadband then, as a rural business, you are expected to use an agent, which is a significant additional cost. The latter point is particularly troublesome for farmers in more remote areas, who need access to the internet. A survey by the National Farmers Union on broadband access in rural areas showed that around 40% of respondents could not get broadband at all, while 90% who could access broadband did not get a reliable connection.

## **Current Coverage and Speeds in Northern Ireland**

It remains the case that the individual nations of Scotland, Wales and Northern Ireland as well as rural England see lower availability of communications services than the UK as a whole.

The Ofcom Connected Nations 2015 Report – Northern Ireland, showed that broadband coverage and speeds in Northern Ireland are worse than the UK average and rural areas are significantly worse than urban areas.

- **Coverage of broadband faster than 10Mbit/s:**
  - Northern Ireland = 86% of premises
  - UK = 91% of premises
  
- **Coverage of superfast broadband up to 30Mbit/s:**
  - Northern Ireland = 77% of premises
  - UK = 83% of premises

- **Coverage of superfast broadband up to 30Mbit/s in rural areas:**
  - Northern Ireland = 40% of premises
  - UK = 37% of premises
  
- **Average broadband download speeds in Northern Ireland:**
  - Rural = 18 Mbit/s
  - Urban = 32.5 Mbit/s

In November 2015 the Government announced that work was commencing to introduce a Universal Service Obligation (USO) of 10Mbit/s for broadband speeds across the country with a consultation planned for early 2016. The figures contained in the Ofcom Report suggest that 14% of premises in Northern Ireland currently fall short of the USO requirement.

As the Universal Service Obligation has become a reality in policy terms and the superfast rollout programmes move forward, the UK Government and The Northern Ireland Assembly need to address the issues faced by businesses and households in the more remote and rural areas of the country in order to ensure the USO is delivered and exceeded where possible.

The Ofcom Report shows that rural areas have the greater number of lines currently incapable of supporting the proposed USO speed of 10 Mbit/s. In Northern Ireland, 42% of premises in rural areas cannot currently achieve speeds greater than, or equal to, 10Mbit/s compared to just 2% of premises in urban areas which currently fall short of the requirement. Fermanagh and Omagh (37% of premises), and Mid Ulster (30% of premises) have the greatest deficits in coverage of speeds that would fulfil the USO.

Given the geography and population densities of different areas of the UK it is clear that there will be locations where the length of the line to individual premises will mean that delivery of even 10Mbit/s is difficult, if not impossible, through fibre cables. Distances between exchanges and premises reflect the lower population densities and disparate nature of dwellings in rural areas. The effect is most keenly felt in Northern Ireland where the rural population is most evenly spread. The result is that Northern Ireland has the longest average line lengths and four times the UK average number of telegraph poles per capita.

Even where superfast speeds are available in rural areas they tend to be slower than in urban areas due to the dispersion of premises and the distance of premises from cabinets with a Fibre to the Cabinet (FTTC) solution. Alternative technologies such as satellite and wireless deployments could ultimately form part of the solutions in delivering high speed broadband in rural areas.

In June 2015 the Department of Agriculture and Rural Development announced a further £2m investment in broadband through its Rural Development Programme. The funding aims to improve broadband provision in hard-to-reach areas that are unlikely to benefit from fixed-line solutions. This extra funding is to be welcomed but the level of resource allocation should be reviewed following the Government's intention to introduce the USO at 10Mbit/s.

## **BDUK - Superfast Broadband Rollout**

The Government has promised that 95% of UK premises will have superfast broadband (at speeds of 24Mbit/s) by 2017 and a roll out of 4G services to 98% of the population. This still leaves over 1.3 million homes across the UK without superfast broadband or a mobile phone

signal. This is why innovative schemes, such as those outlined in the Budget (March, 2015), to provide better services to the hardest to reach areas must be delivered.

The National Audit Office reported in January 2015 that Phase 1 of the BDUK Program is progressing well after a slow start and this is good news for rural communities. The availability and quality of roll-out plans has improved, with 42 out of 44 local bodies published maps and postcode checkers; take-up of superfast broadband has been significantly faster than anticipated; costs for rolling-out superfast broadband to 90% of UK premises by 2016 (Phase 1) were lower than anticipated; and the delivery of Phase 2 (coverage of 95% of UK premises by December 2017) is likely to require less public funding.

However, connectivity is also key for the final 5% who will not be connected by fixed line broadband and fall outside of the BDUK program. For this 5% the use of alternative technologies will be particularly important.

### **Alternative Technologies**

The Countryside Alliance believes that to ensure connectivity in rural areas we should not be relying on fixed line broadband, but embracing all technologies including mobile and satellite.

The Countryside Alliance welcomed the announcement by the Government in January last year of eight innovative pilot projects, designed to test alternative ways of boosting superfast broadband coverage in rural areas. The £10m fund from the Department of Culture Media and Sport is a great stride forward in the drive to improve rural connectivity. The Countryside Alliance has always said that a combination of technologies, rather than fixed line broadband, would answer the question of how to provide superfast broadband to the final 5% of homes and businesses in hard to reach areas. By using a variety of means - including wireless and satellite provision - and investigating different ways to fund these projects, we hope the Government will find the key to improving broadband coverage in hard to reach areas.

The Countryside Alliance also welcomed the publication in November 2014 of Ofcom's research into 4G and 3G mobile broadband speeds. However these figures only measure the speed of smartphone broadband in five big cities across the UK. This information is vital so that consumers can make informed choices as to which operator will provide them with the best service. A transparent market will not only ensure operators are more competitive, but will hopefully ensure better coverage across the UK. The Alliance has called for Ofcom to conduct similar research in rural areas so that those who live and work in the countryside can also have access to information as to which operator will best meet their needs.

The proposals contained in the Budget in March 2015, including boosting broadband coverage with support for satellite, ultra-fast broadband (100Mbit/s), and extension of the Super Connected Cities Program, will provide connectivity for some households outside the BDUK program.

However, it is regrettable that rural businesses are excluded from the Super Connected Cities Program, which benefits 22 cities across the UK, including Belfast, by providing the opportunity for SMEs within those cities to apply for grants of up to £3,000 to upgrade their broadband. It is regrettable that this initiative does not extend to rural areas and the vouchers should also extend to alternative technologies such as satellite and mobile broadband.

## **The Countryside Alliance believes:**

Broadband connectivity must be able to meet our current demands and have the capacity to grow as we become ever more reliant on digital connectivity.

The UK Government's current broadband policy, which aims to deliver superfast broadband to 95% of premises by 2017, cannot rely upon fixed line solutions and greater use of alternative technologies should be promoted to help achieve high speed broadband in rural areas.

The proposal to introduce a Universal Service Obligation is a positive step but the UK Government and the Northern Ireland Executive need to consider how this is going to be delivered and allocate resources to ensure that 10Mbit/s can be accessed in all premises across Northern Ireland.

There needs to be a comprehensive review of broadband policy, including measures to encourage more competition for better packages in the domestic and business broadband market, and prioritisation of fibre-optic roll-out to business parks and enterprise zones.

The broadband voucher scheme should be extended to include rural businesses and communities and alternative technologies.

## **Key Facts**

- 14% of premises in Northern Ireland do not have access to the proposed Universal Service Obligation for broadband speed of 10Mbit/s.<sup>1</sup>
- 42% of rural premises in Northern Ireland do not have access to broadband speed of 10Mbit/s, compared to just 2% of premises in urban areas.<sup>2</sup>
- 12% of our GDP is generated through the Internet, which puts the UK significantly ahead of other countries.<sup>3</sup>
- The internet is responsible for creating 2.6 jobs for every one made obsolete.<sup>4</sup>
- Businesses with a strong online presence are growing more than twice as fast as those with no, or minimal, presence.<sup>5</sup>
- Half of rural small businesses are dissatisfied with the quality of their broadband provision (49%). The data showed nearly double the level of dissatisfaction compared to urban small businesses (28%).<sup>6</sup>
- This issue will become even more significant as small firms become more reliant on a high quality broadband connection to do business. More than three quarters (77%) said that email will be critical to their business in the next two years, while more than half (57%) said broadband will be critical to engaging with their customers.<sup>7</sup>
- The current lack of broadband infrastructure serving small firms threatens the expansion of the rural economy currently worth £400bn annually. The business opportunity includes 28% of all UK firms and over one million small businesses.<sup>8</sup>
- A reliable Internet connection is viewed as a key business requirement by 94% of small UK businesses.<sup>9</sup>

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<sup>1</sup> Ofcom Connected Nations 2015 – Northern Ireland (December 2015)

<sup>2</sup> Ofcom Connected Nations 2015 – Northern Ireland (December 2015)

<sup>3</sup> The Boston Consulting Group (2015): The \$4.2 Trillion Opportunity: The Internet Economy in the G-20

<sup>4</sup> McKinsey Global Institute (May 2011): Internet matters: The Net's sweeping impact on jobs, growth and prosperity

<sup>5</sup> McKinsey Global Institute (May 2011): Internet matters: The Net's sweeping impact on jobs, growth and prosperity

<sup>6</sup> Research by the Federation of Small Businesses (FSB) released on 15 January 2015

<sup>7</sup> Research by the Federation of Small Businesses (FSB) released on 15 January 2015

<sup>8</sup> Research by the Federation of Small Businesses (FSB) released on 15 January 2015

<sup>9</sup> Research by the Federation of Small Businesses (FSB) released on 15 January 2015